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Attorneys for Complainant

**BEFORE THE  
CALIFORNIA BOARD OF ACCOUNTANCY  
DEPARTMENT OF CONSUMER AFFAIRS  
STATE OF CALIFORNIA**

In the Matter of the Accusation Against:

Case No. AC-2007-27

**MAX CLIFTON LLOYD**  
**P.O. Box 95904**  
**South Jordan, Utah 84095**

**STIPULATED SETTLEMENT FOR  
REVOCATION OF CERTIFICATE  
AND ORDER**

**CPA Certificate Number CPA 15349,**

Respondent.

IT IS HEREBY STIPULATED AND AGREED by and between the parties in this proceeding that the following matters are true:

PARTIES

1. Carol Sigmann (Complainant) is the Executive Officer of the California Board of Accountancy. She brought this action solely in her official capacity and is represented in this matter by Edmund G. Brown Jr., Attorney General of the State of California, by Gillian E. Friedman, Deputy Attorney General.

2. Max Clifton Lloyd (Respondent) is representing himself in this proceeding and has chosen not to exercise his right to be represented by counsel.

3. On or about April 24, 1970, the California Board of Accountancy Department of Consumer Affairs (Board) issued Certificate Number 15349 (Certified Public

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Accountant) to Max Clifton Lloyd. Certificate Number 15349 (Certified Public Accountant) expired on September 1, 2006, and has not been renewed.

#### JURISDICTION

4. Accusation No. AC-2007-27 was filed before the Board, and is currently pending against Respondent. The Accusation and all other statutorily required documents were properly served on Respondent on February 13, 2007. Respondent timely filed his Notice of Defense contesting the Accusation. A copy of Accusation No. AC-2007-27 is attached as exhibit A and incorporated herein by reference.

#### ADVISEMENT AND WAIVERS

5. Respondent has carefully read, and understands the charges and allegations in Accusation No. AC-2007-27. Respondent also has carefully read, and fully understands the effects of this Stipulated Settlement for Revocation of Certificate and Order.

6. Respondent is fully aware of his legal rights in this matter, including the right to a hearing on the charges and allegations in the Accusation; the right to be represented by counsel, at his own expense; the right to confront and cross-examine the witnesses against him; the right to present evidence and to testify on his own behalf; the right to the issuance of subpoenas to compel the attendance of witnesses and the production of documents; the right to reconsideration and court review of an adverse decision; and all other rights accorded by the California Administrative Procedure Act and other applicable laws.

7. Respondent voluntarily, knowingly, and intelligently waives and gives up each and every right set forth above.

#### CULPABILITY

8. Respondent admits the truth of each and every charge and allegation in Accusation No. AC-2007-27, except as to page 3, line 11 of the Accusation, in that Respondent pled guilty to one felony count of Aiding and Abetting in the Preparation of a False and Fraudulent Federal Income Tax Return under Title 26 USC section 7206(2) (a felony), rather than two counts as alleged.

9. Respondent agrees that his Certified Public Accountant certificate is

1 subject to discipline and he agrees to be bound by the Board's imposition of discipline as set forth  
2 in the Disciplinary Order below.

3 CONTINGENCY

4 10. The parties understand and agree that facsimile copies of this Stipulated  
5 Settlement for Revocation of Certificate and Order, including facsimile signatures thereto, shall  
6 have the same force and effect as the originals.

7 ORDER

8 In consideration of the foregoing admissions and stipulations, the parties agree  
9 that the Board may, without further notice or formal proceeding, issue and enter the following  
10 Disciplinary Order:

11 IT IS HEREBY ORDERED that:

12 1. Certificate Number 15349 (Certified Public Accountant) issued to  
13 Respondent Max Clifton Lloyd is revoked as of the effective date of the Decision and Order.

14 2. Respondent shall lose all rights and privileges as a certified public  
15 accountant in California as of the effective date of the Decision and Order.

16 3. Respondent shall cause to be delivered to the Board both his wall and  
17 pocket certificate on or before the effective date of the Decision and Order.

18 4. Respondent fully understands and agrees that if he ever files an application  
19 for licensure or a petition for reinstatement in the State of California, the Board shall treat it as a  
20 petition for reinstatement. Respondent must comply with all the laws, regulations and  
21 procedures for reinstatement of a revoked certificate in effect at the time the petition is filed, and  
22 all of the charges and allegations contained in Accusation No. AC-2007-27 shall be deemed to be  
23 true, correct and admitted by Respondent when the Board determines whether to grant or deny  
24 the petition.

25 5. Respondent shall pay the Board its costs of investigation and enforcement  
26 in the amount of \$4,177 prior to issuance of a new or reinstated license.

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ACCEPTANCE

I have carefully read the Stipulated Settlement for Revocation of Certificate and Order. I understand the stipulation and the effect it will have on my Certificate Number 15349 (Certified Public Accountant). I enter into this Stipulated Settlement for Revocation of Certificate and Order voluntarily, knowingly, and intelligently, and agree to be bound by the Decision and Order of the California Board of Accountancy Department of Consumer Affairs.

DATED: 3-19-07



MAX CLIFTON LLOYD  
Respondent

ENDORSEMENT

The foregoing Stipulated Settlement for Revocation of Certificate and Order is hereby respectfully submitted for consideration by the California Board of Accountancy Department of Consumer Affairs.

DATED: 3/27/07

EDMUND G. BROWN JR., Attorney General  
of the State of California

MARC D. GREENBAUM  
Supervising Deputy Attorney General



GILLIAN E. FRIEDMAN  
Deputy Attorney General

Attorneys for Complainant



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P.O. Box 95904  
South Jordan, Utah 84095,**

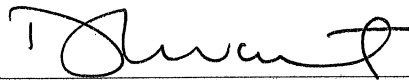
Respondent.

**DECISION AND ORDER**

The attached Stipulated Settlement for Revocation of Certificate and Order is hereby adopted by the California Board of Accountancy Department of Consumer Affairs, as its Decision in this matter.

This Decision shall become effective on June 17, 2007.

It is so ORDERED May 18, 2007.



FOR THE CALIFORNIA BOARD OF ACCOUNTANCY  
DEPARTMENT OF CONSUMER AFFAIRS

**Exhibit A**  
**Accusation No. AC-2007-27**

EDMUND G. BROWN JR., Attorney General  
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MAX CLIFTON LLOYD  
P.O. Box 95904  
South Jordan, Utah 84095

ACCUSATION

CPA Certificate No. CPA 15349

Respondent.

Complainant alleges:

PARTIES

1. Carol Sigmann (Complainant) brings this Accusation solely in her official capacity as the Executive Officer of the California Board of Accountancy, Department of Consumer Affairs.

2. On or about April 24, 1970, the California Board of Accountancy (Board) issued Certified Public Accountant Certificate number CPA 15349 to Max Clifton Lloyd (Respondent). The Certificate expired on September 1, 2006, and has not been renewed.

JURISDICTION

3. This Accusation is brought before the Board under the authority of the following laws. All section references are to the Business and Professions Code unless otherwise indicated.

1                   4.     Section 5100 states:

2                   "After notice and hearing the board may revoke, suspend, or refuse to renew any  
3 permit or certificate granted under Article 4 (commencing with Section 5070) and Article 5  
4 (commencing with Section 5080), or may censure the holder of that permit or certificate for  
5 unprofessional conduct that includes, but is not limited to, one or any combination of the  
6 following causes:

7                   "(a) Conviction of any crime substantially related to the qualifications, functions  
8 and duties of a certified public accountant or a public accountant.

9                   5.     Section 490 states:

10                  "A board may suspend or revoke a license on the ground that the licensee has been  
11 convicted of a crime, if the crime is substantially related to the qualifications, functions, or duties  
12 of the business or profession for which the license was issued. A conviction within the meaning  
13 of this section means a plea or verdict of guilty or a conviction following a plea of nolo  
14 contendere. Any action which a board is permitted to take following the establishment of a  
15 conviction may be taken when the time for appeal has elapsed, or the judgment of conviction has  
16 been affirmed on appeal, or when an order granting probation is made suspending the imposition  
17 of sentence, irrespective of a subsequent order under the provisions of Section 1203.4 of the  
18 Penal Code."

19                  6.     Section 5063 of the Code requires a licensee to report in writing to the  
20 Board within 30 days all felony convictions and convictions of any crime related to the  
21 qualifications, functions or duties of a licensee or committed in the course and scope of practice  
22 of public accountancy; or involving theft, embezzlement, misappropriation of funds or property,  
23 breach of a fiduciary responsibility, or the preparation, publication, or dissemination of false,  
24 fraudulent, or materially misleading financial statements, reports or information.

25                  7.     Section 118, subdivision (b), and 5109 provides that the suspension,  
26 expiration, surrender, or cancellation of a license shall not deprive the Board of jurisdiction to  
27 proceed with a disciplinary action during the period within which the license may be renewed,  
28 restored, reissued or reinstated.



1                   8.       Section 5107, subdivision (a), states, in pertinent part:

2                   "The executive officer of the board may request the administrative law judge, as  
3 part of the proposed decision in a disciplinary proceeding, to direct any holder of a permit or  
4 certificate found to have committed a violation or violations of this chapter to pay the board all  
5 reasonable costs of investigation and prosecution of the case, including, but not limited to,  
6 attorney's fees. The board shall not recover costs incurred at the administrative hearing."

7                                   **FIRST CAUSE FOR DISCIPLINE**

8                                   **(Conviction of Substantially Related Crime)**

9                   9.       Respondent is subject to disciplinary action under Business and  
10 Professions Code sections 490 and 5100, subdivision (a), in that on or about February 6, 2006,  
11 Respondent was convicted on a plea of guilty to two counts of Aiding and Abetting in the  
12 Preparation of a False and Fraudulent Federal Income Tax Return under Title 26 USC section  
13 7206(2) (a felony). The case, United States of America vs. Max C. Lloyd, Case Number 2:03-  
14 CR-00265-005 TS, was filed in the United States District Court, District of Utah.

15                   10.       By the Statement of Defendant in Advance of Plea of Guilty and Attorney  
16 Certification, dated October 31, 2005 (Statement), Respondent admits the following:

17                   a.       In 1994, he became associated with D.O. and M.J., who were doing  
18 business as Advanta Strategies, which later became World Contractual Services ("WCS").  
19 Advanta Strategies marketed and sold a fraudulent tiered "trust" program that purported, among  
20 other things, to legally reduce individuals' tax liabilities. From 1994 through at least 1999,  
21 Respondent prepared federal trust and individual tax returns for clients of Advanta Strategies and  
22 WCS. [Statement ¶ 10(b), pages 4-5]

23                   b.       On or about October 19, 1998, Respondent knowingly assisted in the  
24 preparation of a false and fraudulent 1997 United States Individual Income Tax Return Form  
25 1040 for M.F. and A.F., who were clients of Advanta Strategies and WCS. M.F. used the trust  
26 program to assign income from his chiropractic business to a "trust," which then distributed the  
27 income to a second "trust." M.F.'s business income in the second trust was reduced to \$0.00 by  
28 deducting M.F. and A.F.'s personal expenses. This resulted in M.F. reporting no personal

1 income and no income or self-employment tax from his chiropractic business, although M.F. was  
2 the sole provider of care within his business. The tax return was false and fraudulent as to a  
3 material matter, in that it falsely understated Total Income, Line 22. This resulted in a tax loss  
4 of approximately \$21,801. [Statement ¶ 10(d), page 5]

5 c. Respondent admitted that for relevant conduct purposes, he caused a total  
6 tax loss to the United States of \$157,275.00. [Statement ¶ 10(e), page 5]

## 7 **SECOND CAUSE FOR DISCIPLINE**

### 8 **(Failure to Report)**

9 11. Respondent is subject to disciplinary action under Business and  
10 Professions Code section 5063, in that he failed to report, in writing to the Board, within 30 days,  
11 any felony convictions that are related to the qualifications, functions or duties of a licensee or  
12 committed in the course and scope of practice of public accountancy. Respondent was convicted  
13 of a substantially related felony, as is set forth more fully in paragraphs 9 and 10 above, however,  
14 Respondent failed to report such conviction to the Board.

### 15 **PRIOR DISCIPLINE**

16 12. On or about July 30, 1985, the Board filed Accusation No. 502 against  
17 Respondent, alleging charges of unprofessional conduct pursuant to Business and Professions  
18 Code sections 5100(d) based upon a July 25, 1985, order wherein Respondent's Certified Public  
19 Accounting license that had been issued by the State of Utah was revoked in Case No. RG-83-60.  
20 Said revocation was based upon findings of unprofessional conduct, dishonesty and gross  
21 negligence. The Board issued a Proposed Decision and Order Pursuant to Stipulation, wherein it  
22 revoked Respondent's CPA Certificate No. 15349; however, the revocation was stayed, and  
23 said Certificate was placed on probation for three years with terms and conditions effective  
24 November 15, 1986.

### 25 **PRAYER**

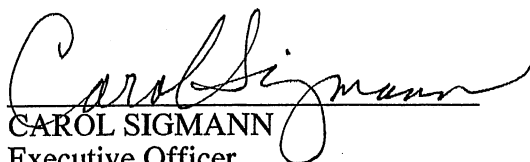
26 WHEREFORE, Complainant requests that a hearing be held on the matters herein  
27 alleged, and that following the hearing, the California Board of Accountancy, Department of  
28 Consumer Affairs issue a decision:

1                   1.       Revoking or suspending or otherwise imposing discipline upon Certified  
2 Public Accountant Number CPA 15349, issued to Max Clifton Lloyd;

3                   2.       Ordering Max Clifton Lloyd to pay the California Board of Accountancy,  
4 Department of Consumer Affairs the reasonable costs of the investigation and enforcement of  
5 this case, pursuant to Business and Professions Code section 5107;

6                   3.       Taking such other and further action as deemed necessary and proper.

7  
8 DATED: February 7, 2007

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11 CAROL SIGMANN  
12 Executive Officer  
13 California Board of Accountancy  
14 State of California  
15 Complainant

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